



STATE OF TENNESSEE
TREASURY DEPARTMENT

REQUEST FOR INFORMATION # 30901-44620
AMENDMENT # 1
FOR ALTERNATIVE INVESTMENTS INFORMATION
MANAGEMENT

DATE: September 18, 2019

RFI # 30901-44620 IS AMENDED AS FOLLOWS:

1. This RFI Schedule of Events updates and confirms scheduled RFI dates. Any event, time, or date containing revised or new text is highlighted.

EVENT		TIME (Central Time Zone)	DATE (all dates are State business days)	Updated or Confirmed
1.	RFI Issued		August 28, 2019	Confirmed
2.	Written "Questions and Comments" Deadline	2:00 p.m.	September 9, 2019	Confirmed
3.	State Response to Written "Questions and Comments" Deadline		September 18, 2019	Confirmed
4.	RFI Response Deadline	2:00 p.m.	October 10, 2019	Confirmed
5.	Scheduling of Presentations (if necessary)		October 14, 2019	Confirmed
6.	Presentations by Respondents (if necessary)		October 28 – Nov 1	Confirmed

2. State responses to questions and comments in the table below amend and clarify this RFI.

Any restatement of RFI text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFI document.

QUESTION / COMMENT		STATE RESPONSE
1	What date/timeline will the State of Tennessee be expecting to select the vendor choice and look to get a signed contract by? For example, would saying having a contract signed by 12/31/19 be the correct expectation?	Contract signed by 12/31/2019 to be fully implemented by 6/30/2020.
2	What is the number of users?	Currently, the TCRS user structure is as follows: 11 full access users, 3 Audit (read only) users, and 4 Accounting (read only) users. Please provide additional pricing for adding each type of TCRS user.
3	Is there the potential for this to be used by the	Yes, see question 2. Please provide standard

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broader team for CRM and other portfolio management needs? If so, how should we account for that from a pricing proposal perspective?	pricing, pricing by a la carte service offered, or price per user. We expect pricing structure to vary between firms and by services desired by TCRS.
<p>4 How much fund/transaction/investment history will be migrated over to the new system?</p>	<p>20 years of direct real estate, 10 years of private equity funds, 6 years of real estate and private credit funds.</p> <p>Number of positions:</p> <ul style="list-style-type: none"> • Private equity funds: 102 • Real estate funds: 25 • Private credit funds: 19 • Real estate direct investments: 59 • Private credit separate accounts: 14 • Publicly traded (REIT, ETF, CLO) portfolios: 3 (consisting of 56 public securities) <p>The split (in NAV) is as follows:</p> <ul style="list-style-type: none"> • Private equity funds: \$3,222mm • Real estate funds: \$1,075mm • Private credit funds: \$843mm • Real estate direct investments: \$3,242mm • Private credit separate accounts: \$2,021mm • Publicly traded (REIT, ETF, CLO) portfolios: \$327mm <p>The split (in commitments) is as follows:</p> <ul style="list-style-type: none"> • Private equity funds: \$5,957mm • Real estate funds: \$1,469mm • Private credit funds: \$1,933mm • Real estate direct investments: \$3,242mm • Private credit separate accounts: \$3,382mm • Publicly traded (REIT, ETF, CLO) portfolios: \$327mm
<p>5 For the data services outlined in Question 27:</p> <p>Are we to assume this is for automating the transaction input for all PE/RE funds? Outside of calls, distributions and market</p>	<p>Additional information to provide:</p> <ol style="list-style-type: none"> 1. Primarily portfolio company valuations & geographical / industry information. 2. Potentially benchmarking, foreign currency data,

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<p>value/balances, is there additional information you are trying to capture?</p> <p>Should we account for this option separately in the pricing proposal?</p>	<p>and news sources as well.</p> <p>Please provide a breakdown of additional costs for these services if they are offered.</p>
<p>6 How many direct and co-investments do you have (by asset class)?</p>	<p>See question 4.</p>
<p>7 How many Fund and indirect investments do you have (by asset class)?</p>	<p>See question 4.</p>
<p>8 How many underlying portfolio companies do you have through your fund investments?</p>	<p>Approximately 2,200 private equity portfolio companies.</p> <p>Approximately 450 private credit investments.</p> <p>Approximately 2000 real estate properties.</p>
<p>9 Do you have any foreign investments? If so, do you hedge these investment in foreign currencies and would be looking to track these in the system?</p>	<p>Yes. We do not hedge but would be interested in pricing for daily currency adjustments.</p>
<p>10 Please provide details on the legal entity structure that holds the investments (e.g. is it a single legal entity that holds the portfolio or multiple? Are there SPV or holding companies used?) along with any investment structure diagrams you may have.</p>	<p>This is a contract with Tennessee Treasury which holds investments in many formats (i.e. Limited Partnerships, Limited Liability Companies, Direct Investments, and Special Purpose Vehicles).</p>
<p>11 Do you have any external investors?</p>	<p>No.</p>
<p>12 Do you buy/sell investment positions on the secondary market? If so:</p> <ul style="list-style-type: none"> - Which indicators do you track on secondary purchases? - Which indicators do you track on secondary sales? 	<p>TCRS has made one purchase in the secondary market and zero sales. TCRS has two secondaries advisors that assist with this area and indicators would be determined on an ad hoc basis.</p>
<p>13 Please provide details on the different data sources used for tracking exposure to the underlying assets held by the partnerships and the level of granularity to be stored in the system.</p>	<p>Data sources are primarily direct correspondence with the GP and through our custodian, State Street.</p>
<p>14 For Direct Investments:</p> <ul style="list-style-type: none"> - Please provide details on the instrument/security types invested in (ex. Common/preferred equity, mezzanine debt, term loans, bonds, etc.) - Do you track the investment's capitalization table? - Which cost methodology is used (WAC, FIFO, LIFO)? - Please describe your valuation methodology for your direct investments. 	<p>Direct investments are primarily common and preferred equity or public instruments. We do track the capitalization table. Cost and valuation methodology is provided by our real estate separate account advisors.</p>

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<p>15 For Debt Investments:</p> <ul style="list-style-type: none"> - Are you looking to project out the amortization and interest schedules? - Do you require to produce loan invoices from the system? If so, please provide a sample of your current invoice template. 	<p>No to both.</p>
<p>16 Do you hold any public securities? If so, how do you currently receive pricing information for these (e.g. Bloomberg) and do you anticipate an automated feed to the eFront application with this data?</p>	<p>Yes, see question 4. Pricing information is received via State Street and to an extent, Bloomberg. TCRS would be interested to see pricing for an automated feed but it is not requisite.</p>
<p>17 Please confirm what system(s) do you currently use to manage your CRM activities?</p>	<p>eFront and Microsoft Office.</p>
<p>18 Will you require integration with Microsoft Outlook? Exchange Server?</p>	<p>Yes to both.</p>
<p>19 Is this system expected to be the primary Document Management System (DMS)?</p>	<p>Yes.</p>
<p>20 Please provide a high-level estimate on the volume and total size of documents (e.g. ~ 5,000 documents and ~ 2 GB).</p>	<p>Currently, TCRS has 40,000 documents, 30 GB.</p>
<p>21 Please describe the current process, including details on the different steps/stages of the process, the teams involved at different steps, etc. If you have different processes for different types of investments (e.g. fund investments vs. direct investments).</p>	<p>For fund investments the process is:</p> <ul style="list-style-type: none"> • Waiting for fundraise • Fund offering materials received • Meeting/Call with GP • Consultant discussion • Full due diligence started • On site meeting • Full due diligence complete • TCRS Staff approval • Consultant approval • Treasurer approval • Legal docs sent to external council • IC approval/notification • Legal docs complete • Closed <p>Direct investment process:</p> <ul style="list-style-type: none"> • Registration received • Review with advisor • Due diligence started • On site property tour • TCRS staff approval • Advisors approval • Treasurer's approval • IC approval/notification • Sent legal docs to AG's office • Approved by AG's office

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	<ul style="list-style-type: none"> • Legal docs signed by Treasurer • Deposit posted • Due diligence completed • Legal docs complete • Closed • Post closing deliverables received <p>Direct investment disposition process</p> <ul style="list-style-type: none"> • Disposition process begun • Treasurers approval • IC approval/notification • OM Distributed • First round offers received • Second round offers received • Buyer selected • Sent legal docs to AG's office • Approved by AG's office • Legal docs signed by treasurer • Closed • Post closing deliverables received
22 Please provide a high-level estimate on deal volume on a go-forward basis (e.g. 30-40 deals are reviewed per month/year).	Annually, the investment team evaluates hundreds of deals. Approximately 70-80 of those deals will be logged into the system, and TCRS will invest in roughly 40-50 of those deals.
23 Will the Department require back office capabilities for general ledger and accounting?	Yes.
24 If using new solution for accounting, will it be the primary system for your alternatives portfolio?	Yes.
25 Please provide details on any requirements to integrate with other upstream or downstream systems (e.g. market data providers to pull in FX rates, benchmark data, index rates, or a corporate accounting system, etc.). For each integration, please include details on expected: - Direction – upstream / downstream / bi-directional - Frequency – on-demand / scheduled (nightly, monthly, quarterly, etc.) / real-time	<p>Ability to import operations via a template is required. Would be interested to see pricing on the ability to integrate with our custodian, State Street, or potentially other providers of FX rate, benchmarks, etc.</p> <p>Frequency-wise, we are not currently integrating with any other system but would desire daily downstream frequency from State Street's market values for the investments if we choose to do so in the future.</p>
26 Is there a requirement to segregate data by functional group or asset class? Access can be defined either vertically by asset class or horizontally for business features across asset classes (concept of regions). Users can be granted Read, Write or No Access to each region within the system to control what data is available to each user.	Yes. We would like to segregate the three portfolios with the ability to view them all together as well.
27 Please provide details on the different types of	See question 2.

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user profiles you will require. User profiles control functional access to different areas of the system (e.g. a Front Office user profile can have a higher level of access to deal pipeline features versus a Back-Office user profile).	
28 How will the investment attributes be entered/updated (e.g. investment name, currency, strategy, vintage, geographic focus, etc.) and cash flows – manually entered or fed in through an integration with a third party?	We would be interested to see pricing for third party integration. Currently the process is largely manual with some importing through the use of templates.
29 Do you envision a services model for the vendor to collect all data from GP funds, including underlying portfolio company KPI's, to be fed to your system on a quarterly basis?	We are interested in this service and would like to see pricing.
30 How many KPIs do you currently have ?	Currently we are only tracking portfolio company geography, sector and subsector but would be interested in expanding.
31 How frequently do you plan to collect this data?	Capital activity would be on a daily basis. Valuations on a quarterly basis.
32 Please describe the types of metrics you collect (please feel free to attach any existing templates used) and the current process for doing so, including frequency and estimated volume of different data points.	We collect fund level details such as management fee schedule, fund legal domicile, firm domicile, total fund commitments, carried interest detail, currency, vintage, sector focus, strategy, geographical focus, closing date, (expected) investment period end date, (expected) fund life end date, etc. – this is all manual entry. For portfolio companies: geography and sector – this has been through manual or through a provided template in the past with quarterly valuations updated through a template.
33 Do you issue submission templates to the portfolio companies or do you manually extract the information from the portfolio companies' financials?	Manual entry, historically.
34 if you are currently using a submission template process: - How many templates do you use? - Are there specific templates defined by sector? - Please describe the validation process once submissions are received	We are not currently using a submission template. We manually fill an import template that is general across all portfolio companies.
35 If you are not using a submission template process today, is this something that you are interested in trying to roll out?	Yes, we would be interested in possibly using a template process.
36 Do you intend to leverage the new application to help generate valuation models for your direct investments? If so, please describe your	No, but we would be interested in seeing pricing and samples.

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current valuation model and attached a sample.	
37 Please provide samples of any reports that you currently produce on the portfolio companies that you would be looking to reproduce.	The vendors invited to present will be given further detail.
38 How many users are using mobile devices ? What type of functions do you envision for mobile usage (e.g. CRM, dashboards, etc.)	Currently we do not have mobile usage, but we would be interested in being able to have mobile access for CRM and dashboard functionality.
39 Do you have a list / number of dashboards and/or reports that the department requires?	No. Ideally one report for each of the three portfolios to update weekly for capital activity. Otherwise ad hoc reporting ability is desired.
40 How much of the RFI (technical and commercial proposal) will be made open for public inspection? Will the vendor RFIs be posted anonymously or tied to the business names?	While responses to the RFI (technical and commercial proposal) will not be posted, they may be subject to a public records request by a Tennessee resident. To the extent responses are delivered pursuant to a public records request, they would include the business names of the responders.
41 How many users at the Department are expected to need access to the Alternative Investment Information Management system?	See question 2.
42 Does the Department require the Alternative Investment Information Management System to be hosted by the vendor or on premise at the Department?	We prefer the system to be hosted on the cloud and remotely accessible. Servers are required to be in the United States.
43 <i>Does the platform have at least 200 clients?</i> a. Is a vendor still encouraged to submit the RFI if they do not have at least 200 clients?	The department would prefer to contract with firms with significant scale, but that does not preclude TCRS from contracting with a smaller firm.
44 The Department currently has a total of 220 alternative investment positions with a total NAV of approximately \$10.7 billion. a. Can you please provide a breakdown of your 220 funds (publics, HF, PE, etc.)?	See question 4.
45 Does the Department currently utilize any systems/software to address any of the needs listed in the RFI? If so, can you please detail the incumbent systems and their use cases? Furthermore, does the Department plan on keeping any of the incumbent systems, or switch entirely to a new system?	Yes, eFront. The department prefers to only use one system for these processes, but will consider combining multiple systems.

3. **RFI Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFI not expressly amended herein shall remain in full force and effect.